

Message Text

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FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 8033

INFO AMCONSUL ISTANBUL

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SUBJ: GOT LIBERALIZATION MOVE PERMITS FOREIGNERS TO HOLD
FOREIGN EXCHANGE ACCOUNTS IN TURKISH BANKS

1. IN A MOVE TO BOLSTER TURKEY'S DIMINISHING FOREIGN EXCHANGE RESERVES, GOT HAS ANNOUNCED NEW RULES PERMITTING FOREIGNERS TO OPEN FOREIGN EXCHANGE ACCOUNTS IN TURKEY. UNDER THE NEW REGULATIONS FOREIGNERS (AND SOME TURKS ALIKE) CAN OPEN ACCOUNTS IN FOREIGN CURRENCIES IN TURKISH BANKS AUTHORIZED TO HOLD FOREIGN EXCHANGE RESERVES. (WHILE ELEVEN BANKS IN TURKEY CAN APPARENTLY MEET THE REQUIREMENTS, ESTABLISHED A FEW MONTHS AGO, TO HOLD FOREIGN EXCHANGE RESERVES, ONLY FIVE -- OSMANLI, AKBANK, GARANTI, YAPI VE KREDI, AND TURK TICARET -- HAVE THUS FAR APPLIED FOR AND RECEIVED SUCH AUTHORIZATION.) THE AUTHORIZED BANKS WILL BE PERMITTED TO PAY INTEREST ON THESE ACCOUNTS AT RATE ONE PERCENT MORE THAN CURRENT

INTEREST IN EURO-CURRENCY MARKET. BANKS WILL BE ABLE TO PERFORM A FULL RANGE OF BANKING SERVICES FOR THEIR DEPOSITORS, INCLUDING TRANSFER OF FOREIGN CURRENCY, LETTERS OF CREDIT, AND CHECKS
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ABROAD AND ISSUANCE OF LETTERS OF CREDIT AND CHECKS IN TURKSIH

LIRA TO PERSONS IN TURKEY. PERHAPS THE MOST IMPORTANT ASPECT OF THE LIBERALIZATION MOVE PERMITS THE AUTHORIZED BANK TO LEND UP TO 75 PERCENT OF THE TOTAL AMOUNT OF THE FOREIGN EXCHANGE ACCOUNT IN EITHER FOREIGN EXCHANGE OR TURKISH LIRA FOR INVESTMENTS IN THE TURKISH PUBLIC AND/OR PRIVATE SECTOR. CREDITS CAN ALSO BE GIVEN FOR OPERATING CAPITAL, BUT CANNOT EXCEED 25 PERCENT OF THE TOTAL AMOUNT OF THE ACCOUNT.

2. IN AN EARLIER FOREIGN EXCHANGE LIBERALIZATION (SEE A-177, DATED SEPTEMBER 27, 1974), AUTHORIZED BANKS DESIRING TO HOLD FOREIGN EXCHANGE FOR THEIR OWN ACCOUNT HAD TO MAINTAIN FOREIGN EXCHANGE DEPOSITS OF AT LEAST \$5 MILLION AND NOT MORE THAN \$25 MILLION. BANKS QUALIFYING FOR THE PRESENT LIBERALIZATION ARE NOT RESTRICTED IN THE AMOUNT OF FOREIGN EXCHANGE HELD FOR SUCH SPECIAL ACCOUNTS. BANKS ARE REQUIRED, HOWEVER, TO REPORT THEIR TOTAL FOREIGN EXCHANGE DEPOSITS MONTHLY TO THE MINISTRY OF FINANCE.

3. UNTIL TWO YEARS AGO GOT PERMITTED FOREIGNERS TO MAINTAIN CONVERTIBLE ACCOUNTS IN TURKEY FOR SIMILAR PURPOSES WITH THE FOREIGN EXCHANGE EQUIVALENT DEPOSITED WITH THE CENTRAL BANK UNDER REGULATIONS IN EFFECT AT THAT TIME. SUCH ACCOUNTS TOTALED ABOUT \$400 MILLION. WITH THE IMPROVEMENT IN TURKEY'S FOREIGN EXCHANGE RESERVES A FEW YEARS AGO, THE GOT TOOK STEPS TO END THAT FACILITY. MOST SUCH ACCOUNTS HAVE IN THE MEAN-TIME BEEN CLOSED OUT.
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